

THE BOARD OF DIRECTORS' REPORT ON THE REMUNERATION COMMITTEE'S EVALUATION OF REMUNERATION TO EXECUTIVE MANAGEMENT

The Board of Directors has previously established a remuneration committee which prepares the decisions of the Board of Directors on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management. Guidelines for remuneration to the executive management are presented to the Board of Directors, which submits a proposal on such guidelines to the Annual General Meeting for approval.

The remuneration committee is also entrusted with the task of monitoring and evaluating plans for variable remuneration for the executive management, the application of the guidelines for remuneration that the Annual General Meeting has adopted as well as the current remuneration structures and levels in Cloetta. Pursuant to section 10.3 of the Swedish Corporate Governance Code, the Board of Directors hereby presents the following report on the results of the remuneration committee's evaluation.

The current guidelines for remuneration to the executive management were adopted at the Annual General Meeting in Cloetta on 16 April 2018. The remuneration committee has confirmed that Cloetta has complied with these guidelines and is of the opinion that the guidelines serve their purpose of promoting long term creation of value in Cloetta. The variable remuneration is linked to targets defined individually for each employee and to the unit in which the employee is employed, as well as to the Cloetta Group's overall profitability targets, which contributes to an increase in value for Cloetta's shareholders. In addition, the remuneration committee has evaluated Cloetta's long term share based incentive plan and assessed that it fulfills its purpose but that the structure should be changed relative to the share based incentive plans adopted by annual general meetings 2013 to 2018. The main changes compared to previous programs are that fewer employees will be invited to join the incentive plan and that the matching share right will be removed and replaced by a performance share right. The proposed plan is considered to be aligned with market developments regarding LTI programs while it at the same time aligns the interests of the shareholders on the one hand and the group management team and other senior managers on the other hand in order to ensure maximum long-term value creation.

Market surveys are carried out regularly with respect to applicable salary statistics, remuneration structures and levels for variable remuneration for employees in the Cloetta Group. The remuneration committee considers Cloetta's remuneration structures and remuneration levels to be competitive and in line with market practice. This has allowed Cloetta to recruit and retain the right personnel to the Executive Management.
